

**Osool & Bakheet IPO Trading Fund Sharia Compliant**  
(Managed By Osool & Bakheet Investment Company)  
**Interim Financial Statements (Un-audited)**  
For the six month period ended 30 June 2016  
**Together with the**  
**Review Report to the Unitholders**



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## REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

To: **The Unitholders of  
Osool & Bakheet IPO Trading Equity Fund Sharia Compliant  
Riyadh, Kingdom of Saudi Arabia**

### *Scope of Review*

We have reviewed the accompanying interim balance sheet of **Osool & Bakheet IPO Trading Equity Fund Sharia Compliant** (the "Fund") managed by Osool & Bakheet Investment Company (the "Fund Manager") as at 30 June 2016 and the related interim statements of income, cash flows and changes in net assets attributable to unitholders for the six month period ended 30 June 2016 and the attached notes from (1) to (12) for the six month period then ended which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Fund Manager and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### *Conclusion*

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

**For KPMG Al Fozan & Partners**  
**Certified Public Accountants**

**Khalil Ibrahim Al Sedais**  
License No. 371



Date: 11 Dhual Qa'dah 1437H  
Corresponding to: 14 August 2016

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
INTERIM BALANCE SHEET (UN-AUDITED)**

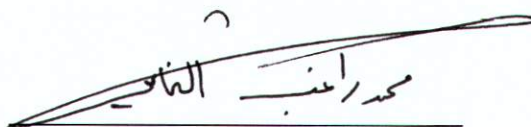
As at 30 June 2016  
(Saudi Arabian Riyals)

	<u>Note</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
Cash and bank balances	6	1,606,058
Held for trading investments	7	13,226,627
Dividends receivable		127,136
<b>Total assets</b>		<u>14,959,821</u>
<b><u>LIABILITIES</u></b>		
Management and custody fees	9	94,933
Board of Directors' fee	9	17,840
Accrued expenses		46,255
<b>Total liabilities</b>		<u>159,028</u>
<b>Net assets value attributable to unitholders</b>		<u>14,800,793</u>
Units in issue (numbers)		<u>14,535,564</u>
<b>Net assets value - per unit</b>		<u>1.0182</u>

The accompanying notes (1) through (12) form an integral part of these financial statements.

These financial statements shown in the pages from 1 to 9 have been approved by the Board of Directors of the Fund on 14/8/2016 and signed on their behalf by:

  
Mazin Al Dawood  
Chief Executive Officer

  
Mohammed Ragheb Al Othmani  
Division Head - Asset Management

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
INTERIM STATEMENT OF INCOME (UN-AUDITED)**

For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

	<u>Note</u>	<u>2016</u>
<b><u>INCOME</u></b>		
Trading loss, net	8	(662,969)
Dividend income		313,345
Other income		1,519
<b>Total loss</b>		<u>(348,105)</u>
<b><u>EXPENSES</u></b>		
Management fee	9	(148,283)
Custody fee	9	(37,071)
Board of Directors' fee	9	(17,840)
Other operating expenses	10	(53,291)
<b>Total expenses</b>		<u>(256,485)</u>
<b>Net loss for the period</b>		<u>(604,590)</u>

The accompanying notes (1) through (12) form an integral part of these financial statements.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**

For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

**2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss for the period	(604,590)
<i>Adjustment for unrealised gain, net on held for trading investments</i>	(92,247)
<b>Changes in operating assets and liabilities:</b>	
Held for trading investments	(5,977,989)
Management and custody fees	74,015
Board of Directors' fee	16,168
Dividend receivables	(127,136)
Accrued expenses	20,552
<b>Net cash used in by operating activities</b>	<u>(6,691,227)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from subscription of units	4,196,513
Payments for redemption of units	<u>(7,076,752)</u>
<b>Net cash generated by financing activities</b>	<u>(2,880,239)</u>

<b>Net increase in cash and bank balances</b>	(9,571,460)
Cash and bank balances at beginning of the period	<u>11,177,518</u>
<b>Cash and bank balances at end of the period</b>	<u><u>1,606,058</u></u>

The accompanying notes (1) through (12) form an integral part of these financial statements.



**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
INTERIM STATEMENT OF CHANGES IN NET ASSETS  
ATTRIBUTABLE TO UNITHOLDERS (UN-AUDITED)**

For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

	<u><b>2016</b></u>
<b>Net assets value at beginning of the period</b>	<b>18,285,622</b>
Add: Subscriptions during the period	<b>4,196,513</b>
Less: Redemptions during the period	<b>(7,076,752)</b>
Net loss for the period	<b>(604,590)</b>
<b>Net assets value at end of the period</b>	<b><u>14,800,793</u></b>

	<u><b>In numbers</b></u>
<b>Units at beginning of the period</b>	<b>18,307,818</b>
Add: Units subscribed	<b>4,224,075</b>
Less: Units redeemed	<b>(7,996,329)</b>
Net decrease in units	<b>(3,772,254)</b>
<b>Units at end of the period</b>	<b><u>14,535,564</u></b>

The accompanying notes (1) through (12) form an integral part of these financial statements.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

**1. GENERAL**

Osool & Bakheet IPO Fund Sharia Compliant (the "Fund") is an investment fund established through an agreement between the Osool & Bakheet Investment Company (the "Fund Manager") and the Fund Investors (the "Unitholders") by virtue of approval of the Capital Market Authority (the "CMA") dated 22 Dul Hajj 1436H (corresponding to 05 October 2015). The Fund commenced its operations on 16 December 2015.

The Fund has updated their terms and condition which have been approved by the CMA on 14 Rabi' II 1437H (corresponding to 24 January 2016).

The Fund will invest in the initial public offering shares of Saudi joint stock companies as well as in the shares of newly listed companies on the Saudi stock market during the first three years of their listing. The Fund Manager may also invest not more than 25% of the net asset value of the Fund in Small and Medium company shares. It has the power to invest in Saudi equity funds and money market funds, the units of which are publicly offered and licensed by CMA, provided that all investments are compliant with Sharia guidelines and approved by the Fund's Sharia Committee.

In dealing with the Unit holders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

The address of the Fund Manager is as follows:

Osool & Bakheet Investment Company  
P. O. Box 63762  
Riyadh 11526  
Kingdom of Saudi Arabia

**2. REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) detailing requirements for all funds within the Kingdom of Saudi Arabia.

**3. SUBSCRIPTION / REDEMPTION (DEALING DAY AND VALUATION DAY)**

The Fund is open for subscriptions / redemptions of units on every business day (each a "Dealing Day") of the Saudi Stock Market. The value of the Fund's portfolio is determined on each dealing day (each a "Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net value of assets (fair value of fund assets minus fund liabilities) by the total number of outstanding fund units on the relevant valuation day.



**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT  
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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

**4. BASIS OF PREPARATION**

The fund commenced its operations on 16 December 2015, accordingly no comparative information has been presented.

**4.1 Statement of compliance**

These interim financial statements have been presented in accordance with the requirements of accounting standards on financial reporting issued by the Saudi Organization of Certified Public Accountants (the "SOCPA").

These are interim financial statements of the fund and do not include all the information presented in the annual financial statement. These financial statements should be read along with the annual financial statements of the Fund for the year ended 31 December 2015.

**4.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for held for trading investments that are measured at fair value, using accrual basis of accounting and the going concern concept.

**4.3 Functional and presentation currency**

These financial statements have been presented in Saudi Arabian Riyals (SR), which is the functional currency of the Fund. All financial information presented in SR has been rounded to the nearest Saudi Arabian Riyal.

**4.4 Use of estimates and judgments**

In the ordinary course of business, the preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

**5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES**

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements for the year ended 31 December 2015. Risk management policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2015.

**6. CASH AND BANK BALANCES**

	<b><u>2016</u></b>
Cash at bank	<b>70,691</b>
Cash at brokerage investment account	<b><u>1,535,367</u></b>
	<b><u>1,606,058</u></b>



**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

**7. HELD FOR TRADING INVESTMENTS**

The sector-wise composition of investment held for trading is summarized as follows:

<u>Sector</u>	<u>Cost</u>	<u>Market value</u>	<u>% of market value</u>
		<b>2016</b>	
Retail	5,532,587	5,739,130	43.39
Transport	3,017,237	3,182,061	24.06
Hotel & Tourism	2,377,828	1,894,766	14.33
Real Estate Development	688,687	650,966	4.92
Petrochemical Industries	622,227	794,458	6.01
Building & Construction	476,640	458,898	3.47
Insurance	387,874	506,348	3.83
	<u>13,103,080</u>	<u>13,226,627</u>	<u>100.00</u>

**8. TRADING GAIN, NET**

	<b>2016</b>
Unrealized gain on investments	92,247
Realized loss on investments, net	<u>(755,216)</u>
	<u>(662,969)</u>

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

**9. TRANSACTIONS WITH RELATED PARTIES**

In the ordinary course of its activities, the Fund transacts with its related parties. The Fund Manager, its employees and the Fund's Board of Directors are considered to be related parties of the Fund.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund. The Fund Manager charges the Fund with a management fee of 2% per annum of the Fund's net assets, calculated on a daily basis. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fee, board compensation and other similar charges. The board compensation is calculated as 5% of the Fund's annual management fee subject to a maximum of SR 30,000 per member.

The unit holders' account at 30, June 2016 included units held as follows:

	<b>2016</b>	
	<b>Units (in numbers)</b>	<b>Net assets value</b>
Held by the Fund Manager	<b>10,000,000</b>	<b>10,182,469</b>
Held by members of the Board of Directors of the Fund	<b>120,000</b>	<b>122,190</b>
Held by employees of the Fund Manager	<b>116,882</b>	<b>119,015</b>
	<b>10,236,882</b>	<b>10,423,674</b>

During the period, the above-mentioned unit holders' have subscribed and redeemed units amounting to SR 100,000 and SR Nil, respectively.

Related party transactions for the period ended 30 June 2016 and balances arising there from are described as under:

<b><u>Related party</u></b>	<b><u>Nature of transactions</u></b>	<b><u>Transactions</u></b>	<b><u>Closing balances</u></b>
		<b><u>2016</u></b>	<b><u>2016</u></b>
	Investment account	<b>(7,524,058)</b>	<b>1,535,367</b>
	Management fee	<b>148,283</b>	<b>75,946</b>
Osool & Bakheet Investment Company	Custody fee	<b>37,071</b>	<b>18,987</b>
	Brokerage fee	<b>7,625</b>	<b>--</b>
Board of Directors	Annual remuneration	<b>17,840</b>	<b>17,840</b>

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT  
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

For the six month period ended 30 June 2016  
(Saudi Arabian Riyals)

**10. OTHER OPERATING EXPENSES**

**2016**

Audit fee	17,550
Shari'a Committee members fees	16,510
Benchmark calculation fee	12,220
CMA monitoring and reviewing fees	3,770
Tadawul listing fees	2,470
Other expenses	771
	<u>53,291</u>

**11. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

Financial instruments consist of financial assets and financial liabilities. The Fund's financial assets consist mainly of held for trading investments and financial liabilities consist of management and custody fees, Board of Directors' fee, Shari'a Committee members' fee and certain accrued expenses.

For investments traded in an active market, fair value is determined by reference to quoted market prices. The fair values of other financial instruments are not materially different from their carrying values. Fluctuations in stock market can cause fluctuation in the investment portfolio as well.

**12. LAST VALUATION DAY**

For the purpose of preparation of these financial statements, last valuation date was 30 June 2016.